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An act to add Sections 89770, 89771, 90083, 92216, 92217, 92493, and 92494 to the Education Code, relating to education finance, and making an appropriation therefor, to take effect immediately, bill related to the budget.



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THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 89770 is added to the Education Code, to read:

89770. (a) (1) The California State University may pledge, along with its other revenues, up to 12 percent of its annual General Fund support appropriation to secure the payment of the California State University's general revenue bonds or commercial paper associated with the general revenue bond program, provided that the general revenue bonds or commercial paper are issued for either of the following purposes:

- (A) To refund, defease, or retire State Public Works Board lease revenue bonds.
- (B) Capital expenditures.

(2) The 12-percent limit described in paragraph (1) shall be reduced by the percentage of the annual California State University's General Fund support appropriation that is required to fund general obligation bond payments and State Public Works Board rental payments.

(3) To the extent the California State University pledges its annual General Fund support appropriation as a source of revenue securing an obligation, it shall provide that this revenue is subject to annual appropriation by the Legislature.

(b) The ability to use the California State University's annual General Fund support appropriation as authorized by this section shall not be used as a justification for future increases in student tuition, employee layoffs, or reductions in employee compensation at the California State University.

(c) Nothing in this section shall require the Legislature to make an appropriation from the General Fund in a specific amount to support the California State University.



(d) For purposes of this section, “capital expenditures” means either of the following:

(1) The cost to design, construct, equip, or do any combination of these in regard to academic facilities to address seismic or other safety needs, enrollment growth, modernization of out-of-date academic facilities, or renewal or expansion of infrastructure to serve academic programs.

(2) The cost of debt service associated with using the pledge authorized by this section.

SEC. 2. Section 89771 is added to the Education Code, to read:

89771. (a) The California State University may use up to 12 percent of its annual General Fund support appropriation to fund pay-as-you-go capital outlay projects. The 12-percent limit shall be reduced by the percentage of the California State University’s annual General Fund support appropriation that is required to fund general obligation bond payments or State Public Works Board rental payments, or that has been pledged as a source of revenue securing a California State University obligation, as authorized in Section 89770.

(b) (1) If the California State University intends to use any of its annual General Fund support appropriation for capital outlay projects, it shall simultaneously submit, on or before July 1 of each year, to the Joint Legislative Budget Committee and the Department of Finance for review and approval a report that details the scope of each capital outlay project and how the capital outlay project will be funded, including, but not limited to, if the capital outlay project will be financed using the authority of this section.



(2) On or before April 1 of each year, the California State University shall submit to the Joint Legislative Budget Committee and the Department of Finance a progress report detailing the scope, funding, and current status of each capital outlay project financed using the authority of this section.

(c) For purposes of this section, "capital outlay project" means a project to design, construct, equip, or do any combination of these in regard to academic facilities to address seismic or other safety needs, enrollment growth, modernization of out-of-date academic facilities, or renewal or expansion of infrastructure to serve academic programs.

SEC. 3. Section 90083 is added to the Education Code, to read:

90083. In accordance with this article and notwithstanding the definitions of "project" and "revenues" in Section 90011, the board may issue bonds secured by revenues received in accordance with Section 89700 for capital outlay projects as defined in Section 89771.

SEC. 4. Section 92216 is added to the Education Code, to read:

92216. (a) The Hastings College of the Law may pledge, along with its other revenues, up to 17 percent of its annual General Fund support appropriation to secure the payment of the Hastings College of the Law's general revenue bonds or commercial paper associated with the general revenue bond program, provided that the general revenue bonds or commercial paper are issued for capital expenditures. The 17-percent limit shall be reduced by the percentage of the Hastings College of the Law's annual General Fund support appropriation that is required to fund general obligation bond payments. To the extent the Hastings College of the Law pledges its annual General



Fund support appropriation as a source of revenue securing an obligation, it shall provide that this revenue is subject to annual appropriation by the Legislature.

(b) The ability to use the Hastings College of the Law's annual General Fund support appropriation as authorized by this section shall not be used as a justification for future increases in student tuition, employee layoffs, or reductions in employee compensation at the Hastings College of the Law.

(c) Nothing in this section shall require the Legislature to make an appropriation from the General Fund in a specific amount to support the Hastings College of the Law.

(d) For purposes of this section, "capital expenditures" means either of the following:

(1) The cost to design, construct, equip, or do any combination of these in regard to academic facilities to address seismic or other safety needs, enrollment growth, modernization of out-of-date academic facilities, or renewal or expansion of infrastructure to serve academic programs.

(2) The cost of debt service associated with using the pledge authorized by this section.

SEC. 5. Section 92217 is added to the Education Code, to read:

92217. (a) The Hastings College of the Law may use up to 17 percent of its annual General Fund support appropriation to fund pay-as-you-go capital outlay projects. The 17-percent limit shall be reduced by the percentage of the Hastings College of the Law's annual General Fund support appropriation that is required to fund general



obligation bond payments, or that has been pledged as a source of revenue securing a Hastings College of the Law obligation, as authorized in Section 92216.

(b) (1) If the Hastings College of the Law intends to use any of its annual General Fund support appropriation for capital outlay projects, it shall simultaneously submit, on or before July 1 of each year, to the Joint Legislative Budget Committee and the Department of Finance for review and approval a report that details the scope of each capital outlay project and how the capital outlay project will be funded, including, but not limited to, if the capital outlay project will be financed using the authority of this section.

(2) On or before April 1 of each year, the Hastings College of the Law shall submit to the Joint Legislative Budget Committee and the Department of Finance a progress report detailing the scope, funding, and current status of each capital outlay project financed using the authority of this section.

(c) For purposes of this section, "capital outlay project" means a project to design, construct, equip, or do any combination of these in regard to academic facilities to address seismic or other safety needs, enrollment growth, modernization of out-of-date academic facilities, or renewal or expansion of infrastructure to serve academic programs.

SEC. 6. Section 92493 is added to the Education Code, to read:

92493. (a) (1) The University of California may pledge, along with its other revenues, up to 15 percent of its annual General Fund support appropriation to secure the payment of the California State University's general revenue bonds or commercial



paper associated with the general revenue bond program, provided that the general revenue bonds or commercial paper are issued for either of the following purposes:

- (A) To refund, defease, or retire State Public Works Board lease revenue bonds.
- (B) Capital expenditures.

(2) The 12-percent limit described in paragraph (1) shall be reduced by the percentage of the annual University of California's General Fund support appropriation that is required to fund general obligation bond payments and State Public Works Board rental payments.

(3) To the extent the University of California pledges its annual General Fund support appropriation as a source of revenue securing an obligation, it shall provide that this revenue is subject to annual appropriation by the Legislature.

(b) The ability to use the University of California's annual General Fund support appropriation as authorized by this section shall not be used as a justification for future increases in student tuition, employee layoffs, or reductions in employee compensation at the University of California.

(c) Nothing in this section shall require the Legislature to make an appropriation from the General Fund in a specific amount to support the University of California.

(d) For purposes of this section, "capital expenditures" means either of the following:

(1) The cost to design, construct, equip, or do any combination of these in regard to academic facilities to address seismic or other safety needs, enrollment growth, modernization of out-of-date academic facilities, or renewal or expansion of infrastructure to serve academic programs.



(2) The cost of debt service associated with using the pledge authorized by this section.

SEC. 7. Section 92494 is added to the Education Code, to read:

92494. (a) The University of California may use up to 12 percent of its annual General Fund support appropriation to fund pay-as-you-go capital outlay projects. The 12-percent limit shall be reduced by the percentage of the University of California's annual General Fund support appropriation that is required to fund general obligation bond payments or State Public Works Board rental payments, or that has been pledged as a source of revenue securing a University of California obligation, as authorized in Section 92493.

(b) (1) If the University of California intends to use any of its annual General Fund support appropriation for capital outlay projects, on or before July 1 of each year, it shall simultaneously submit to the Joint Legislative Budget Committee and the Department of Finance for review and approval a report that details the scope of each capital outlay project and how the capital outlay project will be funded, including, but not limited to, if the capital outlay project will be financed using the authority of this section.

(2) On or before April 1 of each year, the University of California shall submit to the Joint Legislative Budget Committee and the Department of Finance a progress report detailing the scope, funding, and current status of each capital outlay project financed using the authority of this section.

(c) For purposes of this section, "capital outlay project" means a project to design, construct, equip, or do any combination of these in regard to academic facilities to





address seismic or other safety needs, enrollment growth, modernization of out-of-date academic facilities, or renewal or expansion of infrastructure to serve academic programs.

SEC. 8. The sum of one thousand dollars (\$1,000) is hereby appropriated from the General Fund to the Treasurer for administrative costs associated with this act.

SEC. 9. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.



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## LEGISLATIVE COUNSEL'S DIGEST

Bill No.

as introduced, \_\_\_\_\_.

General Subject: Education finance: public postsecondary education: revenue bonds.

(1) Existing law establishes the California State University, under the administration of the Trustees of the California State University, the University of California, under the administration of the Regents of the University of California, as segments of public postsecondary education in this state and establishes the Hastings College of the Law, under the administration of the Board of Directors of the Hastings College of the Law, as affiliated with, and the law department of, the University of California. Existing law authorizes these public postsecondary educational institutions to issue revenue bonds for certain projects, as specified.

This bill would authorize the California State University, the University of California, and the Hastings College of the Law to each pledge up to a certain percentage of their annual General Fund support appropriation to secure the payment of their general revenue bonds or commercial paper associated with the general revenue bond



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program if the revenue bonds or commercial paper were issued for specific purposes. The bill would also authorize the California State University, the University of California, and the Hastings College of the Law to each use up to a certain percentage of their annual General Fund support appropriation to fund pay-as-you-go capital outlay projects, as defined. If one of these public postsecondary educational institutions intends to use its annual General Fund support appropriation for capital outlay projects, the bill would require that institution to submit a report detailing the scope of the capital outlay project and how it will be funded to the Joint Legislative Budget Committee and the Department of Finance for review and approval, and would require annual progress reports detailing the scope, funding, and current status of each capital outlay project.

(2) Existing law authorizes the Trustees of the California State University to require all persons to pay fees, rents, deposits, and charges for services, facilities, or materials provided by the trustees.

This bill would authorize the trustees to issue bonds secured by the revenues received from the fees, rents, deposits, and charges described above for capital outlay projects, as defined.

(3) This bill would appropriate \$1,000 from the General Fund to the Treasurer for administrative costs associated with this act.

(4) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

Vote: majority. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

